UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/691,286	10/22/2003	Thomas C. Chuang	0031000	4915

7590 01/21/2005

Thomas C. Chuang
#408
2201 Laguna St.
San Francisco, CA 94115

EXAMINER	
RUHL, DENNIS WILLIAM	

ART UNIT	PAPER NUMBER
3629	

DATE MAILED: 01/21/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	10/691,286	CHUANG, THOMAS C.	
	Examiner	Art Unit	
	Dennis Ruhl	3629	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *02 November 2004*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-22* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-22* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☒ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

Applicant's response of 11/2/04 has been entered and considered. A new grounds of rejection is set forth in this office action.

1. The disclosure is objected to because of the following informalities: Figures 3A and 3B do not have a brief description as the other figures do. There is not only a figure 3 but are two figures 3A and 3B.

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

3. Claims 1-10 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

For claim 1, at line 6, what item is being referred to here? Is this the item that a used purchase price has been generated for, or is this the item that is being rented? More than one item is claimed and it is not clear which one this refers to.

For claim 3, if the item is not commercially available how can it be rented and then sold as claim 1 recites? The language of claim 3 contradicts claim 1. Are items available for rent or purchase or not? How can something be offered for sale if it is not released for sale or rent yet?

For claim 4, how can generating a price (singular) comprise generating a series of prices? A price is one, not a series. How many prices are there?

For claim 5, in a similar manner to claim 4, how can a purchase price (singular) be a used price and a new price? That would be two prices, not one. How many prices are there?

For claim 5, what is an excess capacity condition? Excess capacity of what element? It is not clear what this means and renders the claim indefinite.

Appropriate correction is required.

4. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 1-15,17-20 are rejected under 35 USC 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two prong test of:

1. Whether the invention is within the technological arts; and
2. Whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere idea in the abstract (i.e. abstract ideas, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e. physical sciences as opposed to social sciences for example), and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, use or advance the technological arts.

In the present case, the claims do not apply, involve, use, or advance the technological arts since all of the recited steps can be done with no technology at all. The recitation in the preamble of "computer implemented" is insufficient to be considered a recitation of technology. The mere recitation in the preamble (i.e. intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is a positive recitation in the claim as a whole to breathe life and meaning into the preamble.

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

7. Claims 11-14,16-20,22, are rejected under 35 U.S.C. 103(a) as being unpatentable over Ergo et al. (6655580).

For claims 1,7,10,21, Ergo discloses a system and method for allowing a consumer to rent or purchase videos. If and when the user wants to purchase/rent a video they send a command indicating such as applicant has claimed. Not disclosed is that used DVDs are offered for sale in addition to the new ones disclosed as for sale. Also not disclosed is that the price for the rental and the price for the used item purchase of the item (video) is displayed. Ergo discloses an embodiment where the renter must return the rented DVD (unless they wish to purchase it) because the DVD

does not have a barrier layer that renders the DVD non-usable after a time period elapses. See column 4, lines 31-35. In this embodiment there are used DVDs that are being returned. It would have been obvious to one of ordinary skill in the art at the time the invention was made to offer the returned and used DVDs for sale and to display the price for a used DVD. Ergo recognizes the offering for sale of DVDs and contains an embodiment where used DVDs are required to be returned so it is considered obvious to also make the used DVDs for sale as used items so that there is not an inventory of used DVDs that are not being utilized. To do nothing with the used DVDs would not be an efficient and sensible business decision and it only makes sense to also offer the returned DVDs for sale. It would have been obvious to one of ordinary skill in the art at the time the invention was made to display the price it would cost to rent a particular video and the price it would cost to purchase the used video so that the consumer knows how much it will cost. Displaying the cost associated with rental items or items for sale is old, very well known, and very obvious. If the consumer decides to keep the rented video after an initial viewing of the video, they can just keep the and this is an indication that they have bought the video. See column 3, lines 35-42. The failure to return the video is considered to be a command that indicates they have purchased the video.

For claim 5, (as best understood by the examiner) not disclosed is how the used purchase price is determined. With respect to the excess capacity limitation, the examiner will interpret this term as equating to an excess inventory condition. It would have been obvious to one of ordinary skill in the art at the time the invention was made

to have the used purchase price be dependent on how much excess inventory you have and to also to have the price take into account any special discounts that may exist (such as a senior citizen discount, a military member discount). Basing prices on inventory and taking into account discounts is old and well known.

For claim 6, it is very old and well known that there is a thing called the law of supply and demand. If something is in high demand, this usually translates to a higher price and vice versa. It would have been obvious to one of ordinary skill in the art at the time the invention was made to forecast future demand so that you can maximize you earnings. Predicting demand when figuring out what price to sell a product at is considered obvious. A product in high demand can fetch a higher price, whereas a product that is in low demand will sell at a lower price.

For claim 9, it is old and well known that many businesses use incentive programs to entice customers to patronize their business. An example is to offer a free product with the purchase of another product. It would have been obvious to one of ordinary skill in the art at the time the invention was made to ship/download bonus items after a purchase has been made in an effort to foster customer loyalty.

For claims 11,16,17,22, Ergo discloses a system and method for allowing a consumer to rent or purchase videos. If and when the user wants to rent a video they send a command indicating such as applicant has claimed. Not disclosed is that the price for the rental and the price for the purchase of the item (video) is displayed. It would have been obvious to one of ordinary skill in the art at the time the invention was made to display the price it would cost to rent a particular video and the price it would

cost to purchase the video so that the consumer knows how much it will cost. Displaying the cost associated with rental items or items for sale is old, very well known, and very obvious.

For claim 12, the videos of Ergo are content that is capable of being downloaded.

For claims 8,13,18, in Ergo if the consumer decides to keep the rented video after an initial viewing of the video, they can just keep the and this is an indication that they have bought the video. See column 3, lines 35-42. The failure to return the video is considered to be a command that indicates they have purchased the video.

For claim 14, Ergo discloses the displaying of a purchase price as addressed with respect to claim 11. Ergo discloses the selling of a new item (DVD is created on a new disk). Ergo does not specifically disclose that used DVD's are made for sale. Ergo discloses an embodiment where the renter must return the rented DVD (unless they wish to purchase it) because the DVD does not have a barrier layer that renders the DVD non-usable after a time period elapses. See column 4, lines 31-35. In this embodiment there are used DVDs that are being returned. It would have been obvious to one of ordinary skill in the art at the time the invention was made to offer the returned and used DVDs for sale and to display the price for a used DVD. Ergo recognizes the offering for sale of DVDs and contains an embodiment where used DVDs are required to be returned so it is considered obvious to also make the used DVDs for sale as used items so that there is not an inventory of used DVDs that are not being utilized. To do nothing with the used DVDs would not be an efficient and sensible business decision and it only makes sense to also offer the returned DVDs for sale.

For claim 19, because this claim and claim 11 does not recite in a positive manner that anything is being purchased, claim 19 is satisfied by Ergo. Applicant has recited that items are shipped or downloaded after receiving a command to purchase an item, but it has not been recited that there is a command to purchase an item so this claim is taken as purely functional commentary on what would happen if one were to purchase something and is satisfied by Ergo.

For claim 20, Ergo discloses an embodiment where the DVD has a barrier layer that has the affect of making the DVD expire. See column 4, lines 14-23. In the system of Ergo the user inherently has the option of re-renting a previously rented item. A user can rent move A and then decide to rent it again later. Ergo is fully capable of this limitation.

8. Claims 1-4,11,15, are rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (6584450) in view of Ergo et al. (6655580).

For claims 1,2,3,11,15, Hastings discloses a rental system and method where a consumer may rent desired items such as videos (including not yet released videos). The consumer identifies what videos they desire to rent (this is a command to rent an item). Hastings discloses that the consumer creates a movie queue of items to be rented and when movies become available they are shipped to the consumer. Not disclosed by Hastings is the offering of items for sale, such as new and used movies, so that one can rent a movie and also purchase a movie. Ergo discloses a system where a consumer is given the choice of whether to rent or purchase a particular video. Ergo

discloses the idea of renting and selling videos in one system. It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Hastings by providing the consumer with the option to purchase an item (a movie) as disclosed by Ergo and to display the purchase price. For many years video stores are known to rent and sell videos in one business such as is disclosed by Ergo. The resulting system is then fully capable of allowing one to rent a movie (the claimed "an item") and then will allow one to subsequently purchase a video (the claimed "the item"). Applicant should take notice that the scope of claim 1 allows for the rented item and the purchased items to be different items.

For claim 4, the examiner assumes the series of prices to be prices generated at different times (i.e. different days). This claim is simply claiming the generation of a price. The limitation that the price is dependent on the time from release does not mean anything other than just a price. The above combination satisfies what is claimed.

9. Applicant's arguments with respect to claims 1-20 have been considered but are moot in view of the new ground(s) of rejection.

10. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Rochon et al. (2002/0046085), Green et al. (5664110), Spies et al. (6055314), de Prins (4866661), Jacobsen (2004/0158871), Maciver et al. (4458802), Geraci (5143193), Fox (2004/0128250), disclose methods and systems of

rental and/or are Internet commerce related and considered relevant to the instant application.

11. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dennis Ruhl whose telephone number is 703-308-2262. The examiner can normally be reached on Monday through Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on 703-308-2702. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

DENNIS RUHL
PRIMARY EXAMINER